GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:5322
ANSWERED ON:22.12.2000
WORKING GROUP FOR INSPECTION OF BANKS
DINSHA J. PATEL

Will the Minister of FINANCE be pleased to state:

(a) whether the RBI has constituted a seven member multi-disciplinary working groupto look into introduction of risk-based internal inspection in banks in the country;

(b) if so, the details thereof; and

(c) the time by which this working group is likely to submit its reports?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL) :

(a) and (b) Reserve Bank of India has reported that it has set up a multi-disciplinaryWorking Group to look into introduction of risk based internal inspection/audit in banks in India under the Chairmanship of Shri G. Sitharaman, President, Institute of Chartered Accountants of India (ICAI). The terms of reference of the Working Group are :

(i) To examine the applicability of the risk based internal audit and to propose the methodology for implementing the shift in the focus from transaction to risked based approach;

(ii) To prepare guidelines to be issued to the banks with regard to risk assessment methodology and audit plan;

(iii) To suggest modifications with regard to the existing internaf audit practices in banks which may be required to implement the shift in focus to risk based approach; and

(iv) To outline time-frame and sequencing of the measures required for implementation of the Group`s recommendations;

(v) Any other matter which the Working Group may think as of relevance to risk based internal audit in the banks.

(c) The Group is expected to submit its report by 31st January, 2001.